

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Federal-State Board on Universal)	CC Docket No. 96-45
Service)	
)	

Comments of the Public Utility Commission of Texas

On October 12, 2001, at the request of the Federal Communications Commission (Commission), the Federal-State Joint Board (Board) on Universal Service issued a *Public Notice* (*Notice*) seeking comment regarding its review of the Lifeline and Link-Up support programs. In addressing this question, the Board seeks comment on the effectiveness of the FCC's rules regarding Lifeline and Link-Up, and whether modifications should be made to the existing rules for these two federal programs. Further, the Board seeks comment regarding outreach initiatives implemented by States to raise public awareness of Lifeline and Link-Up programs.

The Public Utility Commission of Texas (Texas PUC), having been given general regulatory authority over public utilities within our jurisdiction in Texas, hereby submits these Comments on the *Notice* to the issues mentioned above.

1. Effectiveness of the current Lifeline/Link-Up program

In the *Notice*, the Board requested comment from States on the effectiveness of current Lifeline and Link-Up programs. As explained in the comments following, the Texas PUC believes that the Lifeline and Link-Up programs are effective, and that through modifications and awareness subscribership in these programs can increase.

A. Current Program Structure in Texas

The delivery of the Lifeline and Link-Up program in Texas continues to be an evolving process. Currently, the implementation of these programs is accomplished by a collaborative effort among the Texas PUC, eligible telecommunications carriers (ETCs), the Texas Department of Human Services (TDHS), and consumer groups. These entities work together to ensure qualified participants are aware of and are receiving Lifeline and Link-Up services. Legislation that was passed during the 77th Texas Legislature in 2001 further enhanced this relationship by directing the Texas PUC, with the assistance of the TDHS, to adopt rules that provided additional measures aimed at increasing participation in these programs. The fundamental goal of the legislation was to increase awareness of, and enrollment in, the Lifeline and Link-Up programs. This legislation, House Bill (HB) 2156, provided for an integrated eligibility process for telecommunications and electric discounts for low-income customers. Through automatic enrollment, customers eligible for the low-income discounts are identified using matching data from agencies that operate programs serving eligible clients.

The final rules, which were adopted in February 2001, established an integrated eligibility process that facilitated automatic enrollment of individuals qualifying for Lifeline and Link-Up service programs using the TDHS database. At the start of automatic enrollment implementation in February 2001, there were approximately 235,856¹ households receiving Lifeline or Tel-Assistance² benefits out of a total of 829,600 eligible households. Six months after implementation of the

¹ Figures are based on information provided from data filed in response to workshop questions in P.U.C. Docket 21329, Amendment to P.U.C. SUBST. R. 26.412, Implementation of Automatic Enrollment for Lifeline Telephone Service, and compiled by the Texas Telephone Association (TTA). See Attachment A for breakdown of Lifeline subscribership before and after automatic enrollment of 59 ILECs in Texas.

² Tel-Assistance was a 65% reduction in basic local telephone service for a consumer who was a head of household and disabled, as determined by the Texas Department of Human Services (TDHS), or 65 years of age or older; and had a household income at or below the poverty level. During the 77th Texas Legislative Session in 2001, HB 2156 was passed, eliminating Tel-Assistance Service on September 1, 2001. Tel-Assistance resources were re-

automatic enrollment process, 349,210 households receive Lifeline Service, a 48% increase. Industry representatives expect the numbers to increase as TDHS collects better data for matching clients to carriers or establishing contact information for Link-Up installation. In addition, outreach materials are currently being created that will be made available in TDHS offices, through the Texas PUC's Customer Protection Division, through participating carriers, and from other interested agencies and groups (i.e. consumer organizations and battered women's shelters) in 2002.

B. Texas Programs in 2002

While these increases show the benefits of making enrollment automatic for qualifying customers, there have been challenges associated with the differing needs of the telecommunications providers and the data available through TDHS. These inconsistencies between the data collected by a state agency and the data needed by the telephone companies to contact qualifying customers result in a mismatch of information. As part of the review process regarding automatic enrollment, the Texas PUC and representatives from the telecommunications and electric industry are working with a low-income discount administrator (LIDA)³ to execute the rate reduction program for both industries.

On January 1, 2002, this third party administrator will take over responsibilities for gathering information from the TDHS database, updating and correcting the records, and delivering the specific data to the provider. Essentially, the administrator will serve as a clearinghouse between the customer, company, and TDHS. A toll-free number will allow consumers to contact the clearinghouse to learn about these federal and state programs. Additionally, the administrator will develop procedures to notify customers of enrollment, expiration, and opportunities for renewal of the discounts. LIDA will also implement a program whereby potential low-income customers

directed to the promotion and implementation of the automatic enrollment program for Lifeline and Link-Up Service. As of September 1, 2001, all Tel-Assistance customers (approximately 30,000 households) were converted to Lifeline.

can self-certify for enrollment in the Lifeline and Link-Up programs. On an annual basis, LIDA will report to the Texas PUC the number of customers enrolled through the automatic enrollment process and the number of customers enrolled through self-certification.

C. States Using Federal Requirements

The Board requested comment on whether States have taken advantage of federal requirements to provide Lifeline services to income eligible persons. In developing its Lifeline and Link-Up rules, the Texas PUC has adopted those provisions available through the FCC's orders which are most generous to the qualified individual, taking advantage of matching funds and income eligibility requirements made available to the States.

2. Modifications to existing Lifeline/Link-Up FCC rules

A. Eligibility for Program

In the *Notice*, the Board requested comment on the specific criteria used by a state in determining eligibility for the Lifeline and Link-Up programs; and whether a state should be required to adopt, at a minimum, the federal eligibility criteria, or whether there should be one national standard adopted by all States. As discussed above, the Texas PUC has historically adopted rules that mirror FCC decisions. Currently, a qualifying participant for Lifeline and Link-Up is a customer with an income at or below 125% of the federal poverty guidelines, or who is receiving benefits from Medicaid, food stamps, Supplemental Security Income (SSI), federal public housing assistance, or the Comprehensive Energy Assistance Program. Since there were varying eligibility requirements for federal and state assistance programs ranging from 100% to 185% of the poverty level, the Texas PUC chose to adopt a specific income eligibility guideline that was in compliance with federal limitations placed upon States. This eligibility requirement is linked to household incomes of not more than 125% of federal poverty guidelines. The adoption of this

³ NCS Pearson, Lawrence, Kansas, was awarded the Texas PUC contract after a Request for Bid process.

particular eligibility standard was aimed at capturing a percentage of the population that qualifies for TDHS benefits, but chooses not to participate in public programs for reasons of self-reliance or convenience.

Another rationale for adopting the 125% standard was to remain consistent with the electric discount program under the System Benefit Fund.⁴ The System Benefit Fund was created to subsidize lower electric rates for low-income people, to provide customer education programs, and to make up property tax losses to school districts caused by electric deregulation in Texas. The fund provides assistance to low-income electric customers through rate reductions and targeted energy efficiency programs. The legislation established state eligibility criteria for low-income electric customers, and included households with incomes at or below 125% of the federal poverty guidelines, and/or individuals who receive food stamps or medical assistance from a state agency.⁵ The FCC's First Report and Order on Universal Service⁶ granted the state commissions the latitude to establish income criteria in addition to the mandated program criteria. Therefore, the Texas PUC believed it would be reasonable to establish the same income criteria for telecommunications discount programs as had been set by the Texas Legislature for the electric program.

Therefore, the Texas PUC recommends that the Board consider maintaining the minimum standard for Lifeline and Link-Up income qualification guidelines and allow States to determine whether or not to go above those minimum thresholds.

B. Removal for Lifeline and Link-Up Programs

Further, the *Notice* seeks comment on whether low-income individuals should be immediately removed from enrollment when they no longer meet the eligibility standards, or

⁴ Public Utility Regulatory Act, TEX. UTIL. CODE ANN. § 39.903 (Vernon 1998 & Supp. 2001) (PURA)

⁵ *Id.*

⁶ *In the Matter of Federal-State Joint Board on Universal Service*, First Report and Order, CC Docket No. 96-45, FCC 97-157 (rel. May 8, 1997) (First Report and Order)

whether Lifeline enrollment should be guaranteed for a specific minimum period of time. The Texas PUC supports requirements that allow a customer a minimum period of time prior to disconnection of service. For example, the Texas rules require that prior to removal from the program, the telecommunications company must provide the customer with notice advising them that the Lifeline Service discount will be discontinued 30 days from the date of the notice unless the customer notifies the carrier that an error has been made. If the customer notifies the carrier that an error has been made, the discount continues for another 30 days to allow the customer to correct the information. If the customer does not provide proof of eligibility to the carrier by the end of the 60-day period, then the discount will be discontinued.⁷ In addition, self-certifying customers, those attesting to an income at or below 125% of the federal poverty guideline, will receive the Lifeline benefit for a period of at least twelve months before being required to renew their self-certification.

C. Eligibility Based on Income Criteria

The Board also seeks comment on whether eligibility based solely on income level should be added to the existing eligibility standards as an additional means of qualifying for Lifeline and Link-Up programs, and whether such approach would reach more or fewer low-income consumers than the federal criteria. The Texas PUC supports eligibility standards based on income level as an additional opportunity for individuals to qualify for Lifeline and Link-Up programs. The Texas PUC believes that such an approach would reach more low-income consumers, by allowing individuals to become eligible either by income level or participation in a low-income assistance program.

D. Application Procedures and Eligibility Verification

In the *Notice*, the Board also seeks comment on whether the current application procedures are effective and efficient methods to enroll participants in the Lifeline and Link-Up program; and

⁷ P.U.C. SUBST. R. 26.412(c)(1)(C)

whether an individual's eligibility to receive Lifeline and Link-Up support should be verified. One component of the Texas PUC rule that is particularly effective in determining eligibility for Lifeline and Link-Up assistance relates to the self-certification process. Self-certification is a form of alternative enrollment available to those eligible telecommunications customers who do not receive benefits from TDHS, but whose combined household income level does not exceed 125% of the federal poverty guidelines. Those customers who meet the low-income requirement for qualifications can file an affidavit of self-certification for Lifeline and/or Link-Up service benefits. The individual may certify his/her income level by including a federal tax form or paycheck stub with the affidavit.⁸ To date, there have been no evidence or allegations regarding percentage of fraud that occurs in these programs.

As mentioned above, Texas also has an automatic enrollment process. While the statistics have shown that the process has more readily assisted telecommunication providers with identifying qualifying low-income households and enrolling them in these programs, the Texas PUC recommends thoughtful consideration when implementing such a process. In particular, the Texas PUC believes that the collaborative process should include specific resource allocation requirements to ensure that the automatic enrollment process is providing the information necessary to make these programs successful.

3. Consumer education and outreach initiatives to raise public awareness of Lifeline/Link-Up programs.

The Board seeks comment on whether additional consumer education and outreach efforts are necessary to increase participation in the Lifeline and Link-Up programs. Further, the Board seeks comments on best practices adopted by States with regard to increasing participation in the

⁸ Texas PUC Project No. 24900 is currently developing the procedure that will be adopted by LIDA.

programs, including outreach efforts, assisting individuals with enrollment in the programs, and assisting in eligibility verification.

Several years of experience with these programs, the industry, TDHS, and consumer groups, indicates that outreach for the Link-Up portion of the program may well increase the use of Lifeline, and the state's telecommunications penetration rate.⁹ The Texas PUC currently makes information available on its website regarding Lifeline and Link Up Services and company contacts, available to agencies, libraries, educational institutions and any interested party with PC access. This information will also guide consumers to a national Lifeline website.

Telecommunications providers in Texas have also been conducting outreach efforts. As a result of its interstate and intrastate merger agreements, Southwestern Bell Telephone (SWBT) initiated a statewide bi-lingual, radio and print, Lifeline outreach campaign that will last for 36-month. SWBT's Lifeline USA provides eligible residential customers with a complete waiver of local service installation fees.

Despite these efforts, the Texas PUC believes that more extensive consumer education and outreach efforts would help to increase participation in the Lifeline and Link-Up programs. Specifically, targeted funding for increased and more frequent advertising (e.g. public service announcements, posters and signs in welfare agencies and community centers) may increase awareness of, and participation in, the programs. Given the changing demographics of Texas as well as other parts of the country, the Texas PUC also urges the FCC to consider the inclusion of information in bilingual formats.

⁹ Texas has a telecommunications' penetration rate of approximately 93.5% according to the FCC's year-end 2000 summary.

Conclusion

We appreciate the opportunity to offer our comments in this proceeding. We invite the Commission to build on the studies and analysis done by the Texas PUC and other state regulatory agencies as it reviews the policies and rules regarding Lifeline and Link-Up services.

Respectfully submitted,

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December 7, 2001

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Chairman**

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